

To the ECB President

Subject: New post-employment activity – Ethics Committee Opinion

Dear Madame President,

The ECB's Ethics Committee has assessed a notification¹ from the former member of the Governing Council, Mr Ardo Hansson, concerning his intention to take up the positions of (i) (non-executive) member of the Supervisory Board of Coop Pank AS, a less significant Estonian credit institution; (ii) part-time visiting Professor or Adjunct Professor at Estonian universities; and (iii) a project-based consultant for a (public) International Financial Institution (a multilateral development bank). Furthermore, Mr Hansson is seeking pre-approval from the Governing Council for similar public sector consulting engagements for the remainder of his two-year notification period on the grounds that such opportunities tend to arise suddenly and usually require a quick response.

As to the prospective role as (non-executive) member of the Supervisory Board of the less significant Estonian credit institution, Coop Pank AS, the Ethics Committee notes that the Single Code foresees a one-year cooling-off period for such gainful occupational activity. Hence, the Ethics Committee considers Mr Hansson's intention to take on this position only as of June 2020, i.e. one year from the end of his term as member of the Governing Council as fully compatible with the provisions of the Single Code. The Ethics Committee also considered whether there are circumstances that would require an extension of the cooling-off period. In this regard, the Ethics Committee took into account that Mr Hansson intends to join a less significant credit institution, for which, a priori, the Governing Council has no decision-making responsibilities. Against that backdrop, the Ethics Committee does not see a case for extending the cooling-off period beyond the standard one-year period.

Regarding the prospective roles as part-time visiting Professor or Adjunct Professor at Estonian universities and as a project-based consultant for the International Financial Institution, the Ethics Committee considers that such types of prospective occupational activities do not raise and could not be perceived to raise conflict of interest concerns given their academic and public sector nature, respectively. Therefore, no cooling-off period is required for either activity.

As to Mr Hansson's request for pre-approval of similar consulting engagements for the remainder of his two-year notification period, the Ethics Committee notes that the Single Code does not foresee such possibility. In fact, the Single Code requires high-level officials to notify each intended gainful

¹ In line with Articles 17.1 and 17.3 of the Code Conduct for High-level ECB Officials (Single Code).

occupational activity. Nevertheless, the Ethics Committee is of the view that pre-approval could be considered feasible upon the explicit request of a high-level official, if the prospective occupational activities relate to entities such as the International Monetary Fund, the World Bank Group, the European Commission, the Organisation for Economic Cooperation and Development or EU central banks, are sufficiently well defined, their nature cannot reasonably be expected to raise any integrity or conduct concerns and the activity is time-limited (i.e. not exceeding three months).

Against that backdrop and subject to the above criteria being met, the Ethics Committee advises the Governing Council to accept the principle of ex-ante approvals for time-limited roles in the public sector and apply it for Mr Hansson's request. Still, he and any future high-level official seeking and obtaining such pre-approval would need to fulfil their reporting obligations by including all of these pre-approved activities in the list of gainful occupational activities that needs to be provided under the Single Code on an annual basis.

For the sake of completeness, the Ethics Committee deems it important to remind Mr Hansson of his professional secrecy obligations applying beyond his term as member of the Governing Council² and of his duty to notify any other new occupational activity for a period of two years from the end of his term, i.e. if it falls outside of the scope of this pre-approval.

This assessment applies exclusively to Mr Hansson's role as a former member of the Governing Council and is without prejudice to the application of potentially stricter national rules which may apply to him by virtue of his previous functions at Eesti Pank.

With best personal regards,

Chair of the ECB Ethics Committee (Patrick Honohan)

² In line with Article 339 of the Treaty on the Functioning of the European Union, Article 37 of the Statute of the European System of Central Banks and of the European Central Bank and Article 4 of the Single Code.